

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 13288

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E.O. 11652: GDS

TAGS: EGEN PFOR MARR JA

SUBJ: ISSUES IN US-JAPAN RELATIONS

CURRENT ISSUES.

SUMMARY. NOTING SECRETARY KISSINGER'S REQUEST FOR A PAPER FROM EA IDENTIFYING KEY FUTURE ISSUES, WE OFFER THE FOLLOWING THOUGHTS AS GRIST FOR THE MILL.

I. ECONOMIC RELATIONS.

A. ENERGY. THE BROAD ISSUE IS WHETHER WE CAN ENGAGE THE JAPANESE IN A WEB OF COOPERATIVE ARRANGEMENTS, INCLUDING EFFECTIVE CONSULTATIVE ARRANGEMENTS, THAT WILL ENABLE US TO AVOID MUTUALLY DISADVANTAGEOUS COMPETITION FOR ENERGY SOURCES. THERE ARE SEVERAL SPECIFIC ISSUES:

1. ENERGY R&D AGREEMENT. WE ARE SEEKING TO NEGOTIATE AN UMBRELLA AGREEMENT UNDER WHICH SPECIFIC EXCHANGES OF INFORMATION AND EXPERTS, AS WELL AS JOINT RESEARCH PROJECTS, MIGHT BE CARRIED OUT. THE PRINCIPAL ISSUES ARE: (A) CAN WE GET THE JAPANESE ON BOARD ON AN UMBRELLA AGREEMENT WHICH VISIBLY SYMBOLIZES COOPERATIVE ARRANGEMENTS BETWEEN TWO MAJOR ENERGY CONSUMERS?; (B) CAN THE JAPANESE OVERCOME BUREAUCRATIC OBSTACLES ON THE ISSUE OF ESTABLISHING A SINGLE POINT OF
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COORDINATION WITHIN THE GOJ; (C) WHAT LIST OF SPECIFIC

PROJECTS WILL ASSURE AN EQUITABLE BALANCE OF ADVANTAGES TO BOTH OF US? AND (D) HOW CAN WE PROTECT US INTERESTS IN NEW TECHNOLOGY UNDER THE AGREEMENT?

2. ENERGY CONSULTATIONS. THE OUTSTANDING ISSUES RELATE TO THE FORM AND SUBSTANCE OF CONSULTATIONS. IN ORDER TO DEVELOP A PRODUCTIVE WAY TO ARRIVE AT THE EXCHANGE OF INFORMATION WITH THE JAPANESE, WE NEED TO DECIDE WHETHER GOVERNMENT-TO-GOVERNMENT TALKS ARE ENOUGH, HOW THE TALKS SHOULD BE STRUCTURED, AND WHAT ROLE THE PRIVATE FIRMS SHOULD PLAY IN THE CONSULTATIVE PROCESS. BASED ON DISCUSSIONS THUS FAR, THE MAIN SUBSTANTIVE ISSUES APPEAR TO BE: (A) DOMESTIC ENERGY POLICIES AND THEIR EFFECT ON THE INTERNATIONAL ENERGY SITUATION; (B) EMERGENCY SHARING (E.G. WHAT CAN BILATERAL TALKS ADD TO THE OECD DISCUSSIONS); (C) JOINT OIL AND GAS PROJECTS (CAN THESE BE ORGANIZED TO AVOID DISRUPTIVE COMPETITION? HOW CAN JOINT FINANCING BE WORKED OUT?) (D) POLICIES FOR COOPERATION TOWARD OIL PRODUCING AREAS; AND (E) NUCLEAR ENERGY (CAN WE WORK OUT JOINT ARRANGEMENTS FOR JAPANESE INVESTMENT IN PRIVATELY-OWNED URANIUM ENRICHMENT FACILITIES IN THE US?).

3. SOVIET OIL AND GAS PROJECTS. THERE HAS BEEN SOME RECENT SPECULATION HERE THAT THE US IS RECONSIDERING INTEREST IN THIS PROJECT. IF THE US WERE TO WITHDRAW AT AN ADVANCED STAGE OF CONSIDERATION THIS WOULD GREATLY EMBARRASS THE JAPANESE. ISSUE: UNDER PRESENT CIRCUMSTANCES CAN THE USG REACH EARLY DETERMINATION REGARDING THE DESIRABILITY AND EXTENT OF US PARTICIPATION AND CONVEY THAT DECISION TO GOJ?

4. EMERGENCY APPORTIONMENT DISCUSSIONS. THE KEY ISSUES HERE ARE (A) WHETHER WE SHOULD STRIVE FOR CONCRETE AGREEMENT OR REGARD THE TALKS AS ESSENTIALLY AN EXERCISE IN INFORMATION SHARING TO FACILITATE RAPID AD HOC IMPROVIZATION IN AN EMERGENCY; AND (B) WHETHER WE SHOULD DEPART FROM OUR POSITION OF BASING ANY SHARING ON IMPORTS RATHER THAN CONSUMPTION.

B. AID TO INDOCHINA. OUR BASIC INTEREST IS IN INCREASING
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JAPANESE CONTRIBUTIONS TO RVN, LAOS, AND CAMBODIA DURING THE PERIOD AHEAD, WHILE RESTRAINING THE GOJ'S DESIRE TO DISPLAY A TOO "EVEN HANDED" APPROACH TO HANOI. THE ISSUES ARE WHETHER WE CAN PERSUADE THE GOJ TO (A) PROVIDE RVN WITH SUBSTANTIAL COMMODITY AID AND BALANCE OF PAYMENTS SUPPORT IN NEXT FISCAL YEAR, (B) OFFER AN ADEQUATE CONTRIBUTION TO FEOF AND CAMBODIAN ESF AND, (C) RELATE AID TO DRV TO HANOI'S PERFORMANCE OF ITS OBLIGATIONS UNDER THE CEASEFIRE

AGREEMENT.

C. TRADE.

1. AGRICULTURAL SUPPLY. OUR PRIMARY OBJECTIVE IS TO HEAD OFF A MAJOR EFFORT TO DIVERSIFY SUPPLY SOURCES BY SUSTAINING CONFIDENCE IN US AS RELIABLE SUPPLIER. WE WILL NEED TO FACE THE ISSUE OF POSSIBLE FUTURE EXPORT CONTROLS AND DESIGN WITH THE JAPANESE APPROPRIATE METHODS TO ENSURE ADEQUATE SUPPLIES.

2. EXPORT PROMOTION. KEY ISSUE IS WHETHER WE CAN GENERATE AN IMPRESSIVE EXPORT PROMOTION DRIVE IN US TO MAINTAIN THE MOMENTUM OF RECENT GROWTH TO JAPAN, EXPAND SALES OF HIGH TECHNOLOGY ITEMS (EXPECIALLY POLLUTION CONTROL, ELECTRONIC, AND MICROWAVE COMPONENT PRODUCTS) AND CONSUMER GOODS, AND EVOKE A MORE POSITIVE GOJ ATTITUDE TOWARD IMPORT PROMOTION OF US MANUFACTURED PRODUCTS. RELATED ISSUE -- HOPEFULLY HYPOTHETICAL -- IS HOW WE SHOULD RESPOND TO ANY REVERSAL OF THE RECENT TREND TOWARD DECLINING TRADE AND PAYMENT DEFICITS.

3. INVEST IN USA. GROWING CONCENTRATION OF INVESTMENT IN US IN REAL ESTATE, THREATENS TO PROVOKE BACKLASH IN SOME QUARTERS. THE ISSUE IS HOW WE CAN PERSUADE THE GOJ TO CONCENTRATE A LARGER PORTION OF THEIR INVESTMENTS IN EMPLOYMENT-CREATING ENTERPRISES IN THE US.

D. MULTILATERAL TRADE AND MONETARY NEGOTIATIONS. SPECIFIC ISSUES ON THESE SUBJECTS ARE LEGION; BUT THEY ARE WELL KNOWN IN WASHINGTON.

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II. POLITICAL RELATIONS.

A. DECLARATION OF PRINCIPLES.
THE KEY ISSUE IS HOW TO ASSOCIATE JAPAN IN A MEANINGFUL WAY WITH WHATEVER DECLARATIONS ARE WORKED OUT BETWEEN THE UNITED STATES AND WESTERN EUROPE. AFTER SOME INITIAL HESITATION, THE GOVERNMENT AND INFLUENTIAL SEGMENTS OF OPINION LEADERSHIP HAVE COME TO ACCEPT THE PROPOSITION THAT JAPAN SHOULD BE ASSOCIATED IN SOME MANNER WITH A NEW DEFINITION OF COMMON PURPOSE AMONG THE ADVANCED INDUSTRIAL STATES. FAILURE TO REALIZE SUCH AN ASSOCIATION IS CERTAIN TO BE INTERPRETED AS A REJECTION OF JAPAN BY THE WESTERN POWERS AND WILL BE A SERIOUS SETBACK TO JAPAN'S INCREASING RESPONSIBLE INVOLVEMENT IN THE WORLD COMMUNITY.

B. JAPAN'S ROLE IN ASIA. THE RECENT ALGIERS CONFERENCE

IMPRESSED SOME JAPANESE OFFICIALS WITH THE BACKSEAT ROLE ONCE AGAIN ASSIGNED TO ASIANS IN AFRO-ASIAN CONFERENCES. SOME FEEL JAPAN OUGHT TO TRY AND NURTURE A CLEARER IDENTITY AMONG THE ASIAN NON-ALIGNED (AS DISTINCT FROM THE AFRICANS AND ARABS). WILL THE JAPANESE ACTUALLY BE PREPARED TO PUSH SUCH SPLITTING TACTICS? SHOULD WE OFFER THEM ANY ENCOURAGEMENT?
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C. KOREA. THE GOJ'S SUCCESSFUL NORMALIZATION OF RELATIONS WITH DRV, ILL FEELING TOWARD ROK ENGENDERED BY THE KIM CASE, THE LURE OF DIVERSIFIED TRADE POSSIBILITIES, AND MORE EVEN-HANDED TREATMENT OF TWO KOREAS IN THE UN WILL INCREASE GOJ INCENTIVES TO EXPAND CONTACTS WITH NORTH KOREA. KEY ISSUES ARE: (A) HOW CAN WE, TOGETHER WITH THE GOJ, SECURE RECIPROCAL EXPANSION OF COMMUNIST COUNTRY TIES, E.G. USSR, PRC, ETC., WITH SEOUL IN RETURN FOR EXPANDED US AND JAPANESE RELATIONS WITH PYONGYANG? (B) HOW CAN WE AVERT FURTHER DETERIORATION OF GOJ-ROK RELATIONS OVER THE KIM CASE AND AVOID A PROLONGED HIATUS IN THE EXTENSION OF NEW AID COMMITMENTS BY GOJ?

KKK SECURITY RELATIONS.

A. FASHIONING THE POST-VIETNAM US-JAPAN SECURITY RELATIONSHIP. WHAT PATTERN OF SECURITY COOPERATION WITH JAPAN SHOULD WE SEEK? THERE ARE MANY AND POWERFUL CURRENTS IN JAPAN RUNNING TOWARDS A LOOSER SECURITY RELATIONSHIP WITH THE US (I.E. MAINTENANCE OF THE TREATY WITHOUT STATIONING

OF US FORCES IN JAPAN). SHOULD WE ATTEMPT TO MOVE TOWARD A TIGHTER, NATO-LIKE ARRANGEMENT MARKED BY A CLEARER-CUT STRATEGIC DIVISION OF LABOR, JOINT PLANNING, JOINT MANEUVERS, AND A COMPREHENSIVE COST-SHARING AGREEMENT, OR SHOULD WE CONTINUE TO PURSUE A LOOSER RELATIONSHIP PUNCTUATED BY AD HOC COOPERATIVE ARRANGEMENTS WHERE SPECIFIC INTERESTS CONVERGE?

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B. LONGER-TERM FACILITY REQUIREMENTS AND FORCE DEPLOYMENTS. WHAT ARE OUR LONGER-RANGE STRATEGIC REQUIREMENTS IN JAPAN? SPECIFICALLY, WHAT CONTINUING ROLE DO WE ENVISAGE FOR ARMY LOGISTICS FACILITIES IN JAPAN? FOR A FORWARD DEPLOYED MARINE DIVISION IN JAPAN? SHOULD "MILITARY EYES ONLY" CONTINGENCY PLANS CONTINUE TO DRIVE MAJOR US FACILITIES NEEDS IN JAPAN AND REMAIN UNSCRUTINIZED BY STATE OR THE EMBASSY? WE RECOGNIZE, OF COURSE, THAT THESE ISSUES ARE CLOSELY RELATED TO FUTURE DEPLOYMENT DECISIONS REGARDING US FORCES IN SOUTH KOREA AND INDEED OUR BROAD STRATEGY FOR PROMOTING DETENTE ON THE KOREAN PENINSULA.

C. SHARING SECURITY RESPONSIBILITIES. AS A FOLLOW-UP TO THE MOST RECENT SECURITY SUBCOMMITTEE MEETING IN MAY 1973, THE EMBASSY IS INITIATING INFORMAL DISCUSSIONS WITH THE FOREIGN MINISTRY ON POSSIBLE WAYS OF SHARING RESPONSIBILITIES IN THE SECURITY FIELD. SPECIFIC ITEMS TO BE DISCUSSED INCLUDE DEFENSE PROCUREMENT, EXPANDED US-GOJ COOPERATION IN THE FIELD OF MARITIME SURVEILLANCE, ADDITIONAL GOJ SUPPORT OF LOCAL HIRE LABOR COSTS, ADDITIONAL JOINT-USE ARRANGEMENTS TO FACILITATE FURTHER COST-SHARING AND MORE EFFICIENT USE OF US AREAS AND INSTALLATIONS, ETC. THE KEY ISSUE, OF COURSE, IS WHAT ARE OUR SPECIFIC OBJECTIVES IN THIS FIELD (BUDGET SAVINGS, BALANCE OF PAYMENTS ASSISTANCE, WINDOW DRESSING, GREATER JAPANESE DEFENSE EFFORT, COMPATIBILITY OF US AND JAPAN DEFENSE SYSTEMS)?

D. BASE CONSOLIDATION. WHILE OUR PRINCIPAL CONSOLIDATION PROJECTS (KPCP), JFAP, AND OKINAWA) ARE ALL ON TRACK NOW, EACH HAS ITS OWN DELICACIES, AND WE CAN EXPECT TO DEVOTE CONSIDERABLE ATTENTION TO THEM DURING THE YEAR TO ENSURE THAT RESULTS ARE RELATED TO THE PURPOSES OF LAND USE RATIONALIZATION, AVOIDING THE GROWING URBAN MARGINS, MAINTAINING EFFECTIVE AND USEFUL FACILITIES, EXPENDING THE REVERSION CREDIT AND CUTTING OTHER COSTS.

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